



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
DARRELL V. MCGRAW, JR.
CONSUMER PROTECTION DIVISION
1-800-368-8808 or 304-558-8986

Press Release

FOR IMMEDIATE RELEASE

October 8, 2008

Contact: Normal Googel

Phone: (800) 368-8808

Attorney General McGraw Sues California-based Internet Lender for "Sham" to Avoid State Regulations In Predatory Loans

Attorney General Darrell McGraw saw the irony, but not the humor, in CashCall's national ads featuring one-time child star, Gary Coleman, of the popular television show, "Diff'rent Strokes," exclaiming enthusiastically, "I love you CashCall" and "CashCall you're awesome."

Today, McGraw's office sued the California-based Internet lender for pushing predatory loans with interest rates of up to 99% APR on West Virginia consumers least able to afford them. When consumers inevitably defaulted, CashCall unleashed a barrage of collection abuse and harassment, including threats to visit consumers at their place of employment and charge them fees for the trip according to numerous complaints filed with the Attorney General.

"CashCall created a business model intended to fly under the protective radar of West Virginia laws that set limits on interest rates to protect consumers from financial calamity. It is these kinds of unregulated lending practices that have brought West Virginia consumers and the nation to a financial precipice. Today, my office has drawn a line in the sand in an effort to fill the void left by lax or non-existent federal regulation to protect our consumers from financial predators," Attorney General McGraw said.

The complaint filed by McGraw's office today alleges that CashCall solicited consumers to take out high interest loans from Community State Bank, a state-chartered bank in Millbank, South Dakota. CashCall contends that because the bank is located in South Dakota, West Virginia's usury laws do not apply. Despite the paperwork listing the bank as the lender, CashCall does all the heavy lifting and, in fact, appears to assume the actual risk of the loans, which CashCall repurchases in full from the bank three days after the loans are funded.

In addition to asking the court to find that CashCall's loans are illegal and to provide all aggrieved consumers with restitution, the suit asks that CashCall comply with the Attorney General's investigative subpoena. In response to the Attorney General's investigation, CashCall asserted that its business practices are exclusively regulated by federal law. CashCall also argued that the Attorney General is prohibited from even investigating the facts underlying CashCall's assertion that it is beyond state regulation.

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at www.wvago.gov.

##

